


AR07

MADSEN
RED LAKE GOLD
MINES,

L I M I T E D

ANNUAL REPORT
1973



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directors

PAUL H. McCLOSKEY, M.C., B.Sc. <i>Mining Executive</i>	Toronto
HUGH H. MACKAY <i>Director of PITFIELD, MACKAY, ROSS & COMPANY LIMITED, INVESTMENT DEALERS</i>	Rothsay, N.B.
FOSTER W. HEWITT <i>Radio Executive, President of RADIO STATION CKFH</i>	Toronto
DONALD W. FALCONER, Q.C. <i>Solicitor and Partner in HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON.</i>	Toronto
A. D. HELLENS, B.Sc. <i>Mining Engineer</i>	Toronto

officers

PAUL H. McCLOSKEY, M.C., B.Sc., <i>President</i>	Toronto
FOSTER W. HEWITT, <i>Vice-President</i>	Toronto
M. MASTERSON, <i>Secretary-Treasurer</i>	Toronto
J. A. HAMBLETON, P.E. <i>Mine Manager</i>	Madsen

REPORT OF THE DIRECTORS

To The Shareholders

Your directors submit the Thirty-Eighth Annual Report which includes the auditors' financial statements and the mine manager's report covering the year ended December 31, 1973.

OPERATING RESULTS

Gross production was 29,163 ounces of gold compared with 37,696 ounces in the previous year. The combination of the lack of skilled miners and the fact many of the high grade sections of the orebodies have been mined out adversely affected production.

The Free Market gold price advanced substantially throughout the year. Since the end of the year, gold has continued its upward trend and reached all-time highs.

Bullion revenue was \$2,906,563.42 in contrast to \$2,258,917.55 in the previous year. The average price for gold produced was \$99.28 compared with \$59.64 in 1972.

This rise in the price of gold was the main factor in the improvement of operating results. Net earnings, including other income, were \$673,943.94 — 19 cents per share in sharp contrast to the net loss of \$33,604.85 — 1 cent per share last year.

Other income was \$272,832.27 compared with \$84,980.23 in 1972. It should be noted the 1973 income includes \$158,462.23 representing the proceeds from the net gain on sale of equipment and a hydro rebate.

Provision of \$15,000.00 was made for Ontario Mining tax. No other taxes were payable because of the availability of prior years' tax losses. Tax losses available to be applied against future taxable earnings totalled \$695,600.00 at December 31, 1973.

Expenditures for the No. 1 shaft decline were \$169,906.75. These charges are being amortized at the rate of 15% per annum and amounted to \$25,486.01 for the year.

FINANCIAL RESULTS

Working capital of \$2,654,400.53 reflected an increase of \$504,375.58 for the year. It is worth noting that market value of the securities shown in current assets at a cost of \$336,050.54 more than doubled by the year-end.

In 1973 and 1972 depreciation was taken at 20% of the undepreciated costs of assets and amounted to \$73,104.37 and \$69,539.02 respectively.

Capital expenditures were \$100,318.72 in contrast to \$40,845.91 in 1972.

The ten-year financial summary is appended to this report.

OTHER INTERESTS

BAFFINLAND IRON MINES LIMITED — Your company has a 20.06% interest — 672,011 shares. Previous drilling indicated 123,500,000 tons of 68.13% iron. The updating of the 1966 feasibility

study has been completed. This project remained dormant during the year. The ultimate viability of the project will depend to a great extent on the solution of shipping problems and economic support from the Federal Government.

POTASH — SASKATCHEWAN — The freehold acquisition totalling 4,390 acres of land is still retained by the company.

AVA GOLD MINING COMPANY LIMITED — The charter was surrendered during the year.

ORE RESERVE

The potential Ore Reserve, based on the price of gold at year-end, was estimated at 222,372 tons, grade 0.22 ounce per ton or 47,816 ounces.

In addition to the above, there are 220,000 tons of probable ore, broken down as follows:

	<u>Tonnage</u>	<u>Grade oz./ton</u>
No. 8 zone below the 25 level	60,000	0.35
Remnants in upper levels	115,000	0.13 to 0.33
No. 1 shaft area	Old records show a tonnage of 45,000 tons averaging 0.41 oz. per ton over a 36-inch width. Results of sampling on the 212-foot level in 1973 substantiated the grade shown above.	
212 foot-level to surface to be mined first		

GENERAL MINE EXPLORATION AND DEVELOPMENT

During the last quarter of the year Paterson, Grant & Watson Limited, consulting geologists, were retained by Madsen for the following purposes:

1. Consolidate all available geological information with respect to the Madsen property in Red Lake.
2. Execute additional surveys considered necessary to complete the geological picture.
3. Recommend what exploration and development should be undertaken to find further ore deposits.

The program got underway late in the year and field work for the most part was suspended over the winter months but will be continued after the snow goes. Several interesting structural and lithological conditions in untested areas of the property have been indicated. Potential ore finding possibilities within the Madsen property boundaries are being followed up with a substantial exploration and development program.

Tuff zones, the main host rock for Madsen ore, will be explored by diamond drilling from the 16 level. Some 3,000 feet along strike west of the No. 2 shaft will be explored. In addition, an exploration drift will be driven on the 22 level, parallel to the talc schist which contains the No. 8 ore zone. Diamond drilling will be done from the exploration drift to test for possible extensions and repetitions of the No. 8 zone.

NO. 1 SHAFT AREA

Mining of the zone on the 212-foot level, reached late in the year, will be preceded by a raise to be driven from the 212-foot level to surface. This work will be underway after the spring break-up in 1974.

OUTSIDE EXPLORATION

While expenditures of \$2,384.33 for exploration activities is practically unchanged from a year ago, a number of property reports were examined. However, again this year the major thrust in exploration activity was focussed on the development and search for new ore within the boundaries of the mine.

The option on the Lake-O group of claims, located in the Sturgeon Lake area of Ontario, has been terminated.

THE FUTURE OF CANADIAN GOLD MINING

Although the relatively high price of gold suggests substantial expansion in gold mining operations, Federal and Provincial Governments have introduced unfavourable tax measures which will reduce profitability and at the same time kill the incentive to risk the capital to seek new mines.

The cost of opening new mines, together with overall working costs, is now very high. Canadian working costs in the industry per ton milled increased by 20% in the year 1973 and will probably further increase in excess of this amount in 1974.

Labour costs at Madsen from mid 1973 to mid 1974 are estimated to be increasing at a rate of 50%.

AN INTERESTING RELATIONSHIP BETWEEN GOLD AND DOLLARS

In 1948 the U.S. had an unmortgaged reserve of 24.4 billions of dollars worth of gold valued at \$35.00 per ounce. With gold still valued at \$35.00 per ounce in 1971 the U.S. gold holdings were 10 billions of dollars but something in excess of 80 billions of dollars worth of gold was owing to the Central European banks or in other words, the U.S. was in deficit by 70 billions of dollars worth of gold and this represented the U.S. dollar overhang. At the present time, with the price of gold at \$175.00 per ounce, the U.S. gold holdings have a value of 50 billions, the deficit being 30 billions. From this posture it can be seen that a price for gold of \$280.00 per ounce would be required to remove the dollar overhang but a price considerably in excess of \$280.00 per ounce would be required before the U.S. would regain the enviable position enjoyed in 1948 with respect to gold and dollars.

APPRECIATION

The directors take this opportunity to express appreciation to the mine manager, J. A. Hambleton, and all the employees for their loyal and efficient services rendered during the year.

Respectfully submitted on behalf of the Board,

P. H. McCLOSKEY,
President.

Toronto, Ontario,
April 19th, 1974.

REPORT OF THE MINE MANAGER

The President and Directors,
Madsen Red Lake Gold Mines, Limited,
Toronto, Canada

Gentlemen:

The Thirty-Eighth Annual Report, covering the operations for the year ended December 31, 1973, is submitted for your consideration.

PRODUCTION

The following figures show the production for 1973 and comparable figures for 1972.

	1973	1972
Ounces of gold	29,162.880	37,695.642
Ounces of silver	4,346.76	6,375.66
Gross value of bullion	\$2,906,563.42	\$2,258,917.55
Average price of gold/oz.	\$ 99.28	\$ 59.64
Average price of silver/oz.	\$ 2.57	\$ 1.67

OPERATING COSTS

	1973	1972
Tons Milled	126,070	138,250
Ounces Produced	29,162.880	37,695.642

	1973			1972		
	Total Cost	Per Ton Milled	Per Ounce	Total Cost	Per Ton Milled	Per Ounce
Property Exploration	\$ 70,729.05	\$ 0.561	\$ 2.425	\$ 21,387.27	\$ 0.155	\$ 0.567
Deferred Development — Decline	25,486.01	0.202	0.874	—	—	—
Deferred Development—General	5,998.58	0.048	0.206	12,031.51	0.087	0.319
Mine Development	161,255.48	1.279	5.529	298,566.73	2.160	7.920
Mining	1,173,823.99	9.311	40.251	1,055,837.05	7.637	28.010
Crushing & Conveying	60,527.07	0.480	2.075	49,817.47	0.360	1.321
Milling	303,305.74	2.406	10.400	297,722.64	2.154	7.898
General Expense	257,767.06	2.045	8.839	231,395.14	1.674	6.139
Employee Benefits	268,113.71	2.126	9.194	270,341.98	1.955	7.172
Administration expenses	62,513.29	0.496	2.144	56,578.76	0.409	0.501
Marketing Charges	21,308.38	0.169	0.731	14,285.06	0.103	0.378
Net Operating Cost	\$ 2,410,828.36	\$ 19.123	\$ 82.668	\$ 2,307,963.61	\$ 16.694	\$ 61.225

MINE DEVELOPMENT

The following table shows the total footage of development work completed during 1973 with comparable footage for 1972, 1971 and total to date.

	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>Total to Date</u>
Shaft Sinking and Station Cutting	—	—	—	5,462
Crosscutting	162	527	992	39,932
Drifting	837	1,323	252	184,575
Raising	191	2,256	400	79,175
Diamond Drilling (Contract)	16,994	12,145	20,346	2,034,825
Diamond Drilling (Packsack)	4,185	8,191	10,952	340,091
Surface Drilling (Contract)	5,313	—	672	193,176
Draw Points	—	3	—	525
Ramps	1,338	—	17	1,578
Charging Stations, Sumps, etc.	—	308	—	308

The footages of development completed during the year are shown by levels in the following table:

<u>Level</u>	<u>Crosscutting</u>	<u>Drifting</u>	<u>Raising</u>	<u>Ramps</u>
18	—	—	40	—
22	162	505	—	—
23	—	210	151	—
24	—	122	—	—
25	—	—	—	148
#1 Shaft	—	—	—	1,190
	<u>162</u>	<u>837</u>	<u>191</u>	<u>1,338</u>

SOURCES OF ORE TO THE MILL

<u>Ore Zone Number</u>	<u>Tons</u>	<u>Grade</u>	<u>Ounces</u>
1	22,230	.244	5,429.763
2	20,140	.152	3,062.093
3	33,625	.180	6,045.245
4	3,970	.346	1,372.841
8	42,475	.339	14,406.406
Cleanup	3,100	—	263.414
Total	<u>125,540</u>	<u>.244</u>	<u>30,579.761</u>

BACKFILL

59,890 tons of deslimed mill tailings were placed as backfill for a total of 2,146,820 tons to date compared with 73,080 tons in 1972.

The "A" unit in the mill treated 8,000 tons of waste to produce 4,703 tons of backfill or 8% of the total.

ORE RESERVES

The estimated potential ore reserves as at December 31, 1973, and comparable figures for 1972 are shown in the following table:

	<u>December 31, 1973</u>			<u>December 31, 1972</u>		
	<u>Tons</u>	<u>Grade</u>	<u>Ounces</u>	<u>Tons</u>	<u>Grade</u>	<u>Ounces</u>
Surface to 11 Level	2,300	0.22	500	6,865	0.20	1,424
11 Level to 17 Level	44,101	0.22	9,640	58,179	0.23	13,260
17 Level to 23 Level	122,431	0.19	22,979	113,091	0.28	31,236
23 Level to 25 Level	53,540	0.27	14,697	71,696	0.28	20,324
Total Reserves	<u>222,372</u>	<u>0.22</u>	<u>47,816</u>	<u>249,831</u>	<u>0.27</u>	<u>66,244</u>

MILLING

The milling data for the current year, the two previous years and the total to date are shown in the following table:

	<u>1973</u>	<u>1972</u>	<u>1971</u>	<u>Aug. 11, 1938 Dec. 31, 1973</u>
Dry Tons Treated	126,070	138,250	146,162	8,050,106
Percentage Operating Time	83.9	87.4	90.1	91.98
Tons Treated Per Day	345.4	377.7	400.4	581.48
Mill Heads, ozs./ton	0.244	0.288	0.320	0.311
Mill Tails, ozs./ton	0.012	0.015	0.015	0.020
Percentage Recovery	94.96	94.82	95.14	93.72

The "B" unit of the mill operated continuously during the year. The "A" unit was only operated to produce extra backfill as needed.

LABOUR

There were 116 hirings and 161 separations during 1973 compared to 167 hirings and 158 separations during 1972. A comparison of payroll strengths is as follows:

	<u>December 31, 1973</u>	<u>December 31, 1972</u>
Salaried Employees	28	33
Hourly — Surface	56	61
— Underground	56	91
Totals	<u>140</u>	<u>185</u>

CAPITAL EXPENDITURES

The total expenditures for buildings and equipment were as follows:

	<u>Acquisitions</u>	<u>Disposals</u>
Equipment	\$ 61,925.83	\$50,236.25
Machinery	9,423.07	1.00
Buildings	28,969.82	48,340.00
Total	<u>\$100,318.72</u>	<u>\$98,577.25</u>

GENERAL

A new labour contract was negotiated with the United Steel Workers effective April 1st.

Despite an increase in wages in excess of 25% and the high unemployment rate throughout the country, labour turnover continued to increase and operations were hampered by a lack of employees. This situation exists throughout the mining industry.

Increased costs for labour and materials and the shortage of materials all coupled to result in increased costs per ton milled and ounces produced.

CONCLUSION

The support of the President and Directors and Officers of the Company, appreciation of the work of the Staff and employees at the mine, are gratefully acknowledged.

Yours very truly,

J. A. HAMBLETON,
Mine Manager.

Madsen, Ontario,
March 1974.

BALANCE SHEET

December 31,

ASSETS

CURRENT ASSETS

	1973	1972
Cash	\$ 442,526.72	\$ 281,410.70
Short term deposits	1,455,000.00	1,155,000.00
Bullion in transit	207,000.74	88,877.43
Accounts receivable	20,724.75	26,517.09
Gold assistance receivable		44,242.46
Marketable securities, at cost	336,050.54	334,942.14
(Market value 1973 \$529,087.88; 1972 \$260,287.25)		
Materials and supplies, at cost	406,620.52	385,030.01
Prepaid expense	19,877.28	17,630.42
	<u>2,887,800.55</u>	<u>2,333,650.25</u>

SHARES IN MINING COMPANIES, at cost

Baffinland Iron Mines Limited		
672,011 shares	568,387.25	568,387.25
Other	43,584.50	63,089.50
	<u>611,971.75</u>	<u>631,476.75</u>

PROPERTY, PLANT AND EQUIPMENT, at cost

Buildings, machinery and equipment	5,964,103.38	5,987,257.05
Less: Accumulated depreciation	5,671,686.91	5,709,100.97
	<u>292,416.47</u>	<u>278,156.08</u>
Mining property — Red Lake	1,705,148.62	1,688,319.58
Deferred mine development, at cost less amount amortized	144,420.74	
	<u>2,141,985.83</u>	<u>1,966,475.66</u>

OTHER MINING PROPERTIES

Mining claims, at cost	31,024.50	43,024.50
Deferred exploration expenditure	5,380.44	23,869.83
	<u>36,404.94</u>	<u>66,894.33</u>
	<u>\$ 5,678,163.07</u>	<u>\$ 4,998,496.99</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 1973

1. Share capital

- By Amendment of Articles issued to the Company June 28, 1973, the Company's authorized share capital consisting of 3,499,528 issued shares and 2,000,472 unissued of \$1.00 each was changed to like amounts of issued and unissued shares respectively without par value.
- During the year ended December 31, 1973 the Company issued 21,000 shares for \$13,200.00 cash.
- Options to officers of the Company are outstanding on 64,000 shares as follows:
 - 24,000 shares at \$0.70 per share exercisable on or before March 25, 1976.
 - 40,000 shares at \$0.55 per share exercisable on or before February 8, 1976 (subsequent to December 31, 1973, the option on 23,334 of these shares was exercised).

2. Statutory information

- The aggregate direct remuneration paid to directors and senior officers (as defined in The Business Corporation Act, Ontario) was \$104,688.00 in 1973 and \$73,396.50 in 1972.
- No income taxes are payable because of the availability of prior years' tax losses. If income taxes had been payable they would have amounted to \$111,000. Tax losses at December 31, 1973 available to be applied against future taxable earnings total \$695,600.

MADSEN RED LAKE GOLD MINES, LIMITED

(Incorporated under the laws of Ontario)

LIABILITIES

CURRENT LIABILITIES

	1973	1972
Accounts payable and accrued charges	\$ 188,151.53	\$ 149,589.07
Wages payable	30,248.49	34,036.23
Taxes payable	15,000.00	
	<u>233,400.02</u>	<u>183,625.30</u>

SHAREHOLDERS' EQUITY

SHARE CAPITAL

Authorized		
5,500,000 shares without par value		
Issued and fully paid		
3,520,528 shares (1972 — 3,499,528 shares)	2,122,567.50	2,109,367.50

RETAINED EARNINGS	3,322,195.55	2,705,504.19
	<u>5,444,763.05</u>	<u>4,814,871.69</u>

Approved by the Board:

P. H. McCLOSKEY, Director.

D. W. FALCONER, Director.

<u>\$ 5,678,163.07</u>	<u>\$ 4,998,496.99</u>
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AUDITORS' REPORT

To the Shareholders,
Madsen Red Lake Gold Mines, Limited.

We have examined the balance sheet of Madsen Red Lake Gold Mines, Limited as at December 31, 1973, and the statements of retained earnings, earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at December 31, 1973, and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GLENDINNING, JARRETT, GOULD & CO.,
Chartered Accountants.

Toronto, Ontario,
February 18, 1974.

MADSEN RED LAKE GOLD MINES, LIMITED

STATEMENT OF EARNINGS

for the year ended December 31,

	1973	1972
Bullion production		
Gold	\$ 2,895,398.46	\$ 2,248,249.07
Silver	11,164.96	10,668.48
	2,906,563.42	2,258,917.55
Marketing charges	21,308.38	14,285.06
	✓ 2,885,255.04	2,244,632.49 ✓
Operating and administration costs		
Mining	1,173,823.99	1,055,837.05
Crushing and milling	363,832.81	347,540.11
Mine development	244,502.13	331,985.51
Employee benefits	268,113.71	270,341.98
Management and general expense at the property	257,767.06	231,395.14
Administration	62,513.29	56,578.76
	2,370,552.99	2,293,678.55
Operating profit (loss)	514,702.05	(49,046.06)
Other income		
Investment income	114,370.04	84,980.23
Gain on sale of fixed assets	85,623.29	
Hydro rebate	72,838.94	
	272,832.27	84,980.23
	787,534.32	35,934.17
Depreciation	73,104.37	69,539.02
Amortization	25,486.01	
Mining tax	15,000.00	
	113,590.38	69,539.02
Net earnings (loss)	✓ \$ 673,943.94	\$ (33,604.85) ✓
Net earnings (loss) per share	✓ \$ 0.19	\$ (0.01) ✓

STATEMENT OF RETAINED EARNINGS

for the year ended December 31,

	1973	1972
Balance, beginning of year	\$ 2,705,504.19	\$ 2,758,244.58
Net earnings	673,943.94	
Adjustment of prior years' expenses		656.94
	3,379,448.13	2,758,901.52
Net loss		33,604.85
Acquisition costs and exploration expenditure on mining claims abandoned	52,129.72	19,792.48
Adjustment of prior years' expenses	5,122.86	
	57,252.58	53,397.33
Balance, end of year	\$ 3,322,195.55	\$ 2,705,504.19

MADSEN RED LAKE GOLD MINES, LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended December 31,

Source of Funds	1973	1972
From operations		
Net earnings (loss)	\$ 673,943.94	\$ (33,604.85)
Depreciation	73,104.37	69,539.02
Amortization	25,486.01	
Gain on sale of fixed assets	(85,623.29)	
	686,911.03	35,934.17
Sale of fixed assets	98,577.25	9,451.00
Issue of 21,000 shares	13,200.00	
Sale of investments	250.00	
	798,938.28	45,385.17
Application of Funds		
Additions to buildings and equipment	100,318.72	40,845.91
Outside exploration	2,384.33	3,546.11
Acquisition of Red Lake mining claims	16,829.04	
Prior years' adjustment	5,123.86	6,017.16
Deferred development	169,906.75	
	294,562.70	50,409.18
Increase (Decrease) in Working Capital	504,375.58	(5,024.01)
Working Capital, Beginning of Year	2,150,024.95	2,155,048.96
Working Capital, End of Year	\$ 2,654,400.53	\$ 2,150,024.95

DISTRIBUTION OF GROSS INCOME

for the year ended December 31,

Gross income	1973	1972
Bullion	\$ 2,906,563.42	\$ 2,258,917.55
Interest and other income	272,832.27	84,980.23
	\$ 3,179,395.69	\$ 2,343,897.78
Distribution		
Materials, supplies and general operating expenses	\$ 710,551.17	\$ 633,686.46
Salaries and wages	1,250,306.96	1,259,192.39
Hydro electric power	157,431.86	143,697.50
Workmen's compensation and silicosis insurance	83,559.25	92,524.55
Holidays with pay and unemployment insurance	82,355.62	78,136.10
Pension, group insurance and medical expense	52,356.58	56,826.30
Boarding house and employees' travel expense	55,299.93	43,900.31
Depreciation	73,104.37	69,539.02
Amortization	25,486.01	
Mining tax	15,000.00	
Net earnings (loss)	673,943.94	(33,604.85)
	\$ 3,179,395.69	\$ 2,343,897.78

Our Ten Year

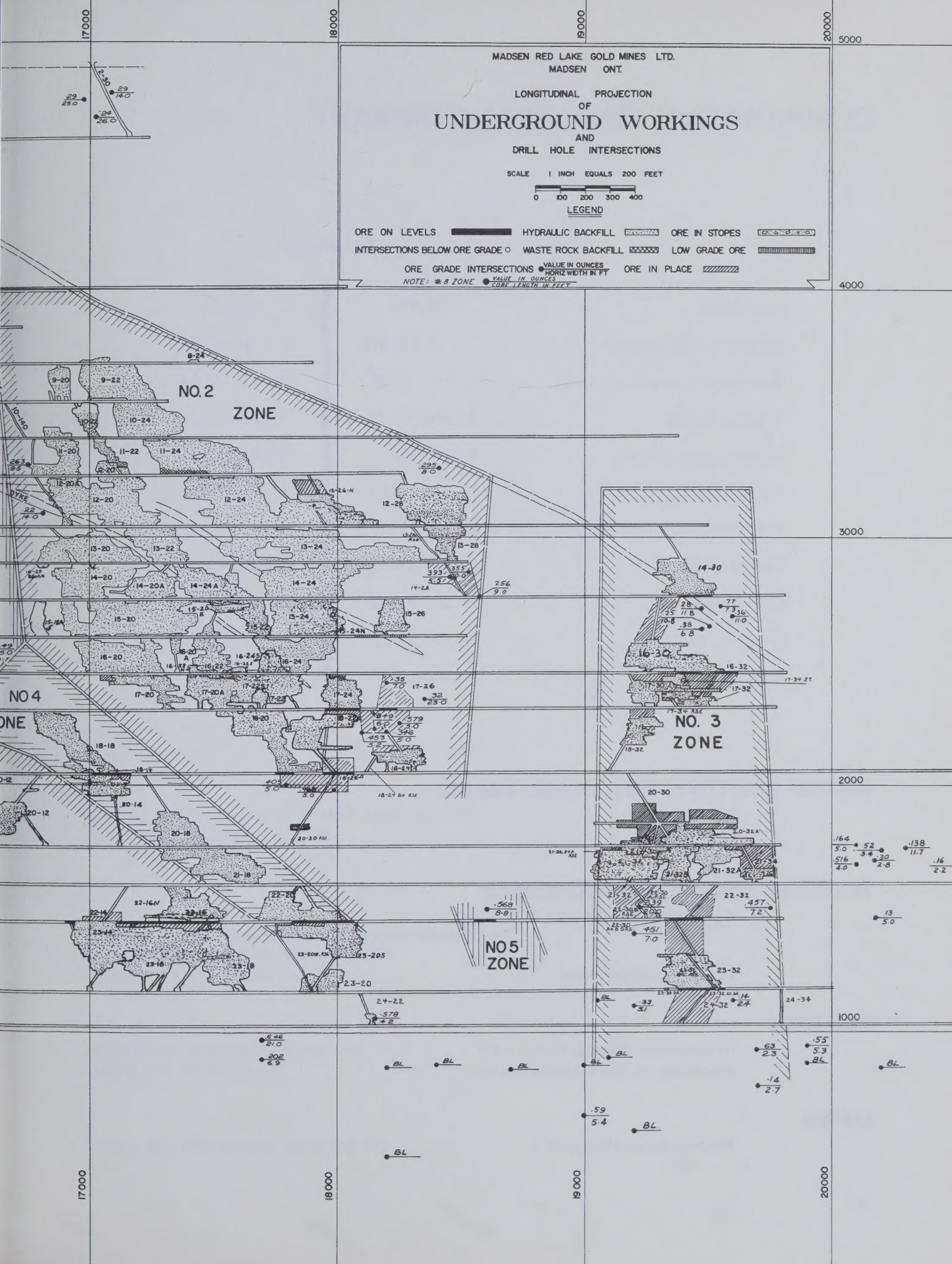
	1938-1973	1973	1972	1971
Ounces of gold produced	2,345,376.317	29,162.880	37,695.642	44,496.62
Tons of ore milled	8,050,106	126,070	138,250	146,162
Recovery value per tons milled	\$ 10.78	\$ 23.05	\$ 16.34	\$ 10.83
Average price of gold per ounce	\$ 36.87	\$ 99.28	\$ 59.64	\$ 35.33
Income from gold and silver	\$ 86,847,068.27	\$ 2,906,563.42	\$ 2,258,917.55	\$ 1,583,484.22
Operating and marketing costs	\$ 69,835,127.67	\$ 2,391,861.37	\$ 2,307,963.61	\$ 2,017,402.10
Operating profit (loss)	\$ 17,011,940.60	\$ 514,702.05	\$ (49,046.06)	\$ (433,917.93)
Sundry income	\$ 1,443,251.36	\$ 272,832.27	\$ 84,980.23	\$ 62,202.58
Emergency gold mining assistance	\$ 7,922,300.00			\$ 444,000.00
Provision for taxes	\$ 3,970,719.90	\$ 15,000.00		
Provision for depreciation	\$ 5,959,417.54	\$ 73,104.37	\$ 69,539.02	\$ 77,406.52
Net earnings (loss)	\$ 15,585,517.74	\$ 673,943.94	\$ (33,604.85)	\$ (5,121.87)
Net earnings per ton	\$ 1.93	\$ 5.34	\$ (0.23)	\$ (0.03)
Net earnings per share	\$ 4.40	\$.19	\$ (0.01)	\$ (0.01)
Cash profits less net capital expenditure	\$ 13,706,914.67	\$ 697,685.25	\$ 993.15	\$ 48,523.27
Dividends paid	\$ 10,444,891.08			
Dividends paid per share	\$ 2.967			
Percentage of dividends paid to cash profits less net capital expendi- ture	\$ 76.20			
Additions to fixed assets	\$ 5,964,103.38	\$ 100,318.72	\$ 40,845.91	\$ 5,526.42
AT END OF YEAR:				
Fixed assets at cost	\$ 5,964,103.38	\$ 5,964,103.38	\$ 5,987,257.05	\$ 5,974,617.80
Fixed assets less accumulated depreciation	\$ 292,416.47	\$ 292,416.47	\$ 278,156.08	\$ 309,626.09
Working capital	\$ 2,654,400.53	\$ 2,654,400.53	\$ 2,150,024.95	\$ 2,155,048.90
Number of employees		140	185	177

LAKE GOLD MINES, LIMITED

Operating Story

1970	1969	1968	1967	1966	1965	1964
40,569.063	60,579.378	56,196.218	70,032.531	69,999.031	87,632.198	94,868.822
184,530	238,473	265,268	277,566	246,505	292,681	305,823
\$ 8.10	\$ 9.66	\$ 8.08	\$ 9.60	\$ 10.78	\$ 11.36	\$ 11.78
\$ 36.49	\$ 37.70	\$ 37.70	\$ 37.77	\$ 37.73	\$ 37.73	\$ 37.75
\$ 1,494,250.97	\$ 2,302,950.62	\$ 2,141,924.67	\$ 2,665,637.73	\$ 2,657,165.51	\$ 3,326,452.29	\$ 3,603,396.77
\$ 2,283,715.55	\$ 2,645,183.27	\$ 2,699,063.09	\$ 2,731,293.97	\$ 2,656,484.09	\$ 2,981,326.38	\$ 3,388,586.47
\$ (789,464.58)	\$ (342,232.65)	\$ (557,138.42)	\$ (65,656.24)	\$ 681.42	\$ 345,125.91	\$ 214,810.30
\$ 58,371.14	\$ 136,157.95	\$ 69,762.05	\$ 82,915.96	\$ 60,752.87	\$ 37,349.46	\$ 53,515.64
\$ 416,600.00	\$ 622,000.00	\$ 577,400.00	\$ 630,000.00	\$ 625,000.00	\$ 585,000.00	\$ 695,000.00
—	—	—	\$ 17,000.00	\$ 65,000.00	\$ 86,500.00	\$ 147,500.00
\$ 96,629.35	\$ 109,459.71	\$ 128,460.65	\$ 156,829.65	\$ 180,025.92	\$ 202,098.68	\$ 222,488.06
\$ (411,122.79)	\$ 305,465.59	\$ (38,437.02)	\$ 473,430.07	\$ 441,408.37	\$ 678,876.69	\$ 593,337.88
\$ (2.23)	\$ 1.28	\$ (.14)	\$ 1.70	\$ 1.79	\$ 2.32	\$ 1.94
\$ (.12)	\$.09	\$ (.01)	\$.14	\$.13	\$.19	\$.17
\$ (451,879.12)	\$ 269,972.64	\$ 29,755.34	\$ (76,020.27)	\$ 447,161.85	\$ 696,200.34	\$ 684,994.72
\$ 104,985.84	—	—	\$ 349,952.80	—	\$ 262,464.60	\$ 524,929.20
\$.03	—	—	\$.10	—	\$.075	\$.15
—	—	—	—	—	\$ 37.78	\$ 76.63
\$ 49,350.15	\$ 36,371.63	\$ 15,783.16	\$ 63,398.63	\$ 80,476.00	\$ 112,695.29	\$ 121,586.66
\$ 6,004,702.43	\$ 5,974,931.40	\$ 5,974,856.86	\$ 5,934,518.47	\$ 5,870,830.43	\$ 5,790,354.43	\$ 5,677,659.14
\$ 386,517.39	\$ 437,838.82	\$ 513,842.63	\$ 627,326.60	\$ 720,103.71	\$ 808,394.71	\$ 889,952.23
\$ 2,097,545.96	\$ 2,665,733.73	\$ 2,392,720.14	\$ 2,325,952.24	\$ 2,401,972.51	\$ 1,954,810.66	\$ 2,119,844.67
196	270	262	296	296	348	365





MADSEN RED LAKE GOLD MINES LTD.
MADSEN ONT.

LONGITUDINAL PROJECTION
OF
UNDERGROUND WORKINGS
AND
DRILL HOLE INTERSECTIONS

SCALE 1 INCH EQUALS 200 FEET



LEGEND

ORE ON LEVELS HYDRAULIC BACKFILL ORE IN STOPES
INTERSECTIONS BELOW ORE GRADE WASTE ROCK BACKFILL LOW GRADE ORE
ORE GRADE INTERSECTIONS VALUE IN OUNCES
NOTE: # 8 ZONE VALUE IN OUNCES
CORE LENGTH IN FEET

NO. 2
ZONE

NO. 3
ZONE

NO. 5
ZONE

4000

3000

2000

1000

0

COMPARATIVE FINANCIAL SUMMARY

	December 31	
	<u>1973</u>	<u>1972</u>
Tons milled	126,070	138,250
Ounces of gold produced	29,162.880	37,695.642
Average price of gold per ounce	\$ 99.28	\$ 59.64
Value of bullion	\$ 2,906,563.42	\$ 2,258,917.55
Operating expenditures	\$ 2,391,861.37	\$ 2,307,963.61
Net earnings (loss)	\$ 673,943.94	\$ (33,604.85)
Net earnings (loss) per share	\$ 0.19	\$ (0.01)
Current assets	\$ 2,887,800.55	\$ 2,333,650.25
Current liabilities	\$ 233,400.02	\$ 183,625.30
Working capital	\$ 2,654,400.53	\$ 2,150,024.95
Shares issued	3,520,528	3,499,528

MADSEN RED LAKE GOLD MINES, LIMITED

HEAD OFFICE.....55 Yonge Street, Suite 1110, Toronto M5E 1J4 Canada.
 MINE OFFICE.....Madsen P0V 2C0 Ontario, Canada

TRANSFER AGENTS AND REGISTRARS

GUARANTY TRUST COMPANY OF CANADA

88 University Avenue, 5th floor, Toronto M5J 1T6 Canada.
 427 St. James Street West, Montreal, Canada.

THE BANK OF NEW YORK.....48 Wall Street, New York 10015, N.Y.

AUDITORS

GLENDINNING, JARRETT, GOULD & Co.....P.O. Box 11, Toronto-Dominion Centre,
 SUCCESSORS TO NEFF, GOODWIN & Co. Toronto M5K 1A7 Canada.

LISTED

TORONTO STOCK EXCHANGE.....234 Bay Street, Toronto M5J 1R1 Canada.

